

For discussion
on 4 November 2013

Legislative Council Panel on Financial Affairs

Asia-Pacific Economic Cooperation Finance Ministers' Meeting 2014

Purpose

This paper invites Members' views on the Administration's plan to seek the approval and support of the Finance Committee and its Establishment Subcommittee of the following staffing and financial requirement under Head 148 Financial Services and the Treasury Bureau (Financial Services Branch) (FSB) for organising the Finance Ministers' Meeting (FMM) of the Asia-Pacific Economic Cooperation (APEC) in Hong Kong in September 2014 –

- (a) creation of two supernumerary directorate posts including an Administrative Officer Staff Grade B (AOSGB) (D3) and a Senior Principal Executive Officer (SPEO) (D2) in FSB with an immediate effect upon the approval by the Finance Committee up to 30 September 2014; and
- (b) creation of a non-recurrent commitment of \$63.45 million for 2014-15 to meet the costs for organising the FMM.

Background and Justifications

2. APEC is an important regional economic forum established in 1989 to support and promote sustainable economic development and prosperity in the Asia-Pacific region. Joining as a member in November 1991 and participating under the name "Hong Kong, China" after July 1997, Hong Kong has been participating in APEC actively in different aspects of its work, including the Finance Ministers' process to promote regional macroeconomic and financial stability, financial market development, and prudent public finance management. APEC Finance Ministers have met annually in different locations since 1994, recently in August 2012 in Moscow, Russia, and in September 2013 in Bali, Indonesia.

3. China will assume the chairmanship of APEC in 2014, and will be responsible for chairing the annual Economic Leaders' meeting, as well as a number of ministerial and other meetings on different policy areas next year. The Hong Kong Special Administrative Region Government is honoured that the Central Government has decided to hold the APEC FMM in Hong Kong in September 2014. This will be the first time for such a large-scale ministerial meeting of APEC to take place in Hong Kong since we joined in 1991, and will allow Hong Kong to contribute to the hosting of APEC 2014 by our country.

4. The FMM next year will provide a platform for APEC Finance Ministers to exchange views on regional and global economic outlook, and to discuss relevant topical issues to promote sustainable development, financial stability and greater economic cooperation in the APEC region. Also it will provide a valuable opportunity for us to promote the latest development of our financial sector and our economic cooperation with APEC member economies, thereby reinforcing and enhancing Hong Kong's role as an international financial and business centre.

5. We expect that finance ministers, senior financial and central bank officials of the 21 APEC member economies, participants of observing international organisations (such as the World Bank, the International Monetary Fund, and the Asian Development Bank) will gather in Hong Kong for the FMM next year. Including accompanying persons of member delegations and international journalists, the event may bring around 800 visitors of considerable profile to Hong Kong for a series of meetings lasting three days (including the Senior Finance Officials' meeting and Finance Deputies' meeting preceding to the FMM during the same week).

6. Leveraging our track record of hosting first-class international meetings such as the sixth ministerial conference of the World Trade Organization in December 2005 and the World Bank/International Monetary Fund Annual Meetings in September 1997, Hong Kong is expected to execute a well-planned and smoothly-run FMM to demonstrate our commitment to APEC and regional economic cooperation. It will be a precious opportunity to raise Hong Kong's regional and international profile, and to showcase our reputation as Asia's world city and a premier destination for MICE (i.e. meetings, incentive travels, conferences and exhibitions) tourism.

7. An event of this scale and importance requires massive and detailed planning and effective execution. Hong Kong will take charge of all the organisational arrangements for the APEC FMM, including meeting venues, security and media arrangements, accreditation of attendees, office supplies and equipment, information technology and telecommunications facilities, hotel accommodation, and appropriate protocol and hospitality arrangement, as well as transport facilities. These will include organising a welcoming reception and dinner, as well as social, cultural and hospitality programmes for delegates and their accompanying persons, etc. To this end, we would require dedicated staffing and funding support to lead, plan and implement these organisational arrangements for the APEC FMM.

Proposed Creation of a Supernumerary AOSGB and a Supernumerary SPEO Posts

8. Given the very tight timeframe (less than 12 months' time from now) before the FMM, we need to set up immediately a dedicated **Event Coordination Team** within FSB in the run-up to the FMM in September 2014, in order to draw up a detailed roadmap for all the organisational arrangements, maintain a close liaison with the relevant ministries in the Central Government and the APEC Secretariat, and execute these arrangements accordingly.

9. We propose that the Event Coordination Team will be headed by an **AOSGB**, underpinned by a **SPEO** and non-directorate officers to perform all relevant planning and administrative duties in respect of the organisation of the FMM.

10. The proposed supernumerary AOSGB, as the Head of the Event Coordination Team, will report to the Permanent Secretary for Financial Services and the Treasury (Financial Services). The Head of the Event Coordination Team will develop and implement strategies and plans to facilitate the organisation of the FMM. He/she will support the Secretary for Financial Services and the Treasury (SFST) in chairing a high-level steering committee, and will lead a number of inter-departmental taskforces, to coordinate Government's efforts on different strands of work relating to the organisation of the FMM. He/she will also be the senior-level contact point for relevant ministries in the Central Government, the finance ministries of other APEC member economies and their local representatives (i.e. Heads of the relevant consular or representative offices), the APEC Secretariat and relevant

international organisations on all related arrangements. The Head of the Event Coordination Team will be the commander-in-chief on the ground during the holding of the FMM, and will need to respond spontaneously to requests from all delegations regarding the running of the meetings. Having considered the scale and complexity of the tasks, a dedicated directorate officer pitched at the rank of AOSGB is essential to lead all the preparatory work of the FMM.

11. The proposed supernumerary SPEO, as the Deputy Head of the Event Coordination Team, will assist the Head of the Event Coordination Team to plan and oversee the preparatory work for FMM and the running of the FMM. The Deputy Head of the Event Coordination Team will play a key role in ensuring the smooth execution of the logistical arrangement for the FMM (including the protocol, hospitality, security, media, international/local publicity, information technology, telecommunications, and other relevant arrangements), and in formulating and monitoring the detailed deployment plans for staff and other resources. In addition, he/she will be responsible for supervising the non-directorate officers in the team to liaise with all relevant parties within and outside the Administration relating to the organisation of the FMM.

12. The proposed job descriptions for the aforesaid AOSGB and SPEO are at **Annex A**.

Alternatives Considered

13. We have evaluated critically whether the duties of the two proposed directorate posts could be absorbed by existing Deputy Secretaries (“DSes”) and Principal Assistant Secretaries (“PASes”) within FSB and concluded that it will not be viable to redeploy these existing directorate officers to take up the organisation of the FMM (which will require strong leadership, firm direction and close attention at directorate level on a day-to-day basis in the run-up to and during FMM) without prejudicing the delivery of policy initiatives and legislative exercises under their respective heavy portfolios. An organisation chart of FSB is at **Annex B** and the existing portfolios of the DSes and PASes are at **Annex C**.

Non-directorate support

14. The Event Coordination Team will be supported by 28 non-directorate officers in performing its functions in planning and executing the organisational aspects of the APEC FMM. In addition, the Hong Kong Police Force will also set up a Police Planning Team comprising eight disciplined staff to assist the Event Coordination Team in planning and implementing the security arrangements of the FMM. We will make internal redeployment in the meantime wherever possible, and will include sufficient provision in the 2014-15 draft Estimates to meet the staff cost as appropriate. Organisation charts of the Event Coordination Team and Police Planning Team are at **Annex D** and **Annex E** respectively.

Financial Implications

15. Due to the very tight timeframe within which we are operating, prior to the creation of the two proposed posts, an AOSGB and an SPEO will be temporarily redeployed within the Administration to commence work as soon as possible. This temporary arrangement will lapse upon creation of the proposed supernumerary AOSGB and SPEO posts for a period until 30 September 2014, subject to the approval by the Finance Committee. The proposed creation of supernumerary AOSGB and SPEO posts will bring about an additional notional annual salary cost at mid-point of \$3,758,400. The additional full annual average staff cost, including salaries and staff on-cost is \$5,253,000.

Other Non-recurrent Funding Requirements

16. As the organising city for the FMM, Hong Kong will be responsible for providing the venue and related facilities for the meetings, including a convention hall for the FMM and the preceding meetings of Senior Finance Officials and Finance Deputies, a meeting place for an informal ministerial retreat, plenty of meeting rooms for bilateral meetings and discussions among APEC member delegations, press conference venue, furniture and equipment for the meeting venues, stationery, printing service, interpretation service, telecommunication facilities, reception facilities in the Hong Kong International Airport, media centre, etc. The usual APEC practice is that we are expected to provide appropriate accommodation, transport and security arrangement for the attending finance ministers as the head of their delegations and

other relevant high-level officials from observing international organisations and APEC Secretariat. We are also expected to provide resource support for the delegations and officers from the APEC Secretariat in Hong Kong. In addition, we need to arrange a welcoming reception and dinner, and working lunches for ministers and delegates. Given that Hong Kong is a vibrant travel destination in the region, it would be opportune for us as a hospitable host to provide social activities for delegations to showcase Hong Kong.

17. For illustrative purposes, an indicative breakdown of the main expenditure components in relation to organisation of the APEC FMM is at **Annex F**. We estimate that the non-recurrent financial implications (except staff cost for time-limited civil service posts within the Event Coordination Team and Police Planning Team) will amount to \$63.45 million for 2014-15¹.

18. The estimated expenditure (including staff cost for time-limited civil service posts of \$19.5 million for the Event Coordination Team and Police Planning Team and other non-recurrent commitment of \$64.5 million) for the organisation of the APEC FMM is around \$84 million. The cashflow requirement is estimated to be \$ 6.9 million in 2013-14 and \$ 77.1 million in 2014-15. The financial implications for 2013-14 will be absorbed by existing resources.

Advice sought

19. Members are invited to comment on the above proposals. Subject to Members' support, we will seek the recommendation of the Establishment Subcommittee on the proposed creation of the two supernumerary directorate posts on 13 November 2013. We will also seek the approval of the Finance Committee on the creation of the two proposed posts and the non-current commitment of \$63.45 million for 2014-15 on 6 December 2013.

Financial Services and the Treasury Bureau 25 October 2013

¹ The estimated non-recurrent expenditure of \$63.45 million for 2014-15 is the ceiling of the current proposal. A more accurate estimate of this non-current expenditure, including other foreseeable direct expenditure that may be incurred and absorbed by existing resources, will be provided when we seek the Finance Committee's approval of the creation of the proposed non-recurrent commitment.

**Proposed Job Description for
Head, Event Coordination Team**

Rank : Administrative Officer Staff Grade B (D3)

Responsible to : Permanent Secretary for Financial Services and the
Treasury (Financial Services)

Main Duties and Responsibilities –

- (a) To head the Event Coordination Team to develop and implement strategies and plans to facilitate the organisation of the FMM in Hong Kong in September 2014 and supporting SFST in chairing a high-level steering committee to provide steer in the process;
- (b) To represent HKSARG to liaise with relevant ministries in the Central Government, APEC member economies and APEC Secretariat on the organisation of the FMM;
- (c) To chair relevant inter-departmental taskforces to co-ordinate Government efforts on different planning aspects, e.g. protocol, hospitality, security, media, international/local publicity, information technology, telecommunications and other arrangements for the FMM;
- (d) To work with relevant policy bureaux and financial regulators to monitor the on-going discussions of the APEC in respect of its finance-related agenda in the run-up to the FMM; and
- (e) To manage and control the approved budget and oversee the smooth and efficient running of the FMM as a commander-in-chief when it takes place, as well as to perform other relevant duties as assigned by the supervisor.

**Proposed Job Description for
Deputy Head, Event Coordination Team**

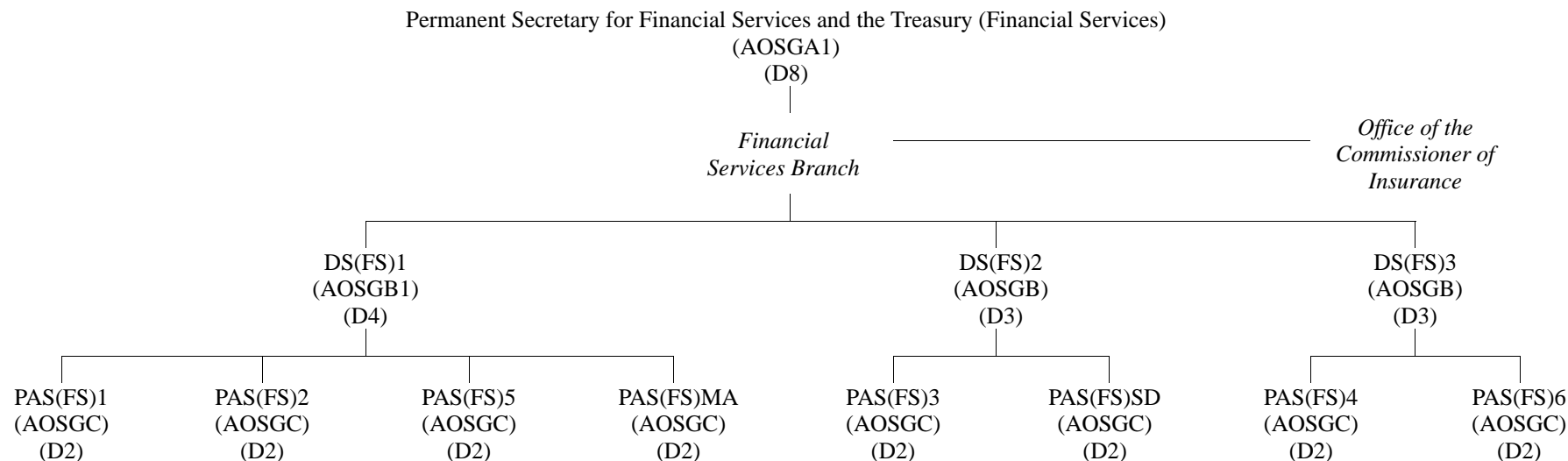
Rank : Senior Principal Executive Officer (D2)

Responsible to : Head, Event Coordination Team

Main Duties and Responsibilities –

- (a) To formulate and oversee the implementation of staff and other resource deployment plans to meet the demands arising from organising the FMM;
- (b) To assist in the liaison and discussion with relevant ministries in the Central Government, APEC member economies regarding the participation and all the arrangements for the attendance of their Finance Ministers and delegations in the FMM;
- (c) To assist in the liaison and discussions with relevant ministries in the Central Government and the APEC Secretariat on the organisation of and relevant arrangements for the FMM;
- (d) To plan with bureaux and departments various executional aspects and logistical work for the FMM (including security, protocol, hospitality, media, international/local publicity, information technology, accommodation, telecommunications, cultural and social programmes, and other supporting functions);
- (e) To serve as second in command on the ground, and assist in overseeing the smooth and efficient running of the FMM when it takes place; and
- (f) To serve as the secretary to a high-level steering committee chaired by SFST on the FMM, and performing other relevant duties as assigned by Head of Event Coordination Team.

Organisation Chart of the Financial Services and the Treasury Bureau (Financial Services Branch)



Legend

- AOSGA1 – Administrative Officer Staff Grade A1
- AOSGB1 – Administrative Officer Staff Grade B1
- AOSGB – Administrative Officer Staff Grade B
- AOSGC – Administrative Officer Staff Grade C
- DS(FS) – Deputy Secretary for Financial Services and the Treasury (Financial Services)
- PAS(FS) – Principal Assistant Secretary for Financial Services and the Treasury (Financial Services)

**Major Duties and Responsibilities of the Existing
Deputy Secretaries (Financial Services) (“DS(FS)s”)**

DS(FS)1 is mainly responsible for policy matters and legislation relating to the securities and futures markets, the banking and monetary matters, financial market development including cooperation with the Mainland, and anti-money laundering and counter terrorist financing in respect of the financial sectors. Within these policy areas, there are a number of key initiatives which are being pursued and will require active follow-up within the next few years. These include the further development of off-shore Renminbi business and asset management industry in Hong Kong; promotion of the further and sustainable development of the local bond market including the Islamic bond market; implementation of relevant regulatory reforms to enhance investor protection and market quality, development of financial infrastructure including the introduction of an uncertificated securities regime in Hong Kong, and formulating legislative proposal for implementing other enhancement measures on financial stability promulgated by international forums including G20 (e.g. OTC derivative regulation and resolution regime) and the Basel Committee on Banking Supervision, and implementation of the anti-money laundering legislation for financial institutions and preparation for the next round of mutual evaluation on Hong Kong by the Financial Action Task Force.

2. DS(FS)2 is mainly responsible for policy matters and legislation relating to the insurance sector, Mandatory Provident Fund (MPF) schemes and other retirement schemes, and housekeeping matters of Census and Statistics Department. There are a number of key initiatives currently underway, notably the proposed establishment of an independent Insurance Authority and a Policyholders’ Protection Fund, legislation for improving the MPF system and the on-going review of the operation of the MPF system.

3. DS(FS)3 is mainly responsible for policy matters and legislation relating to companies, accountancy sector, bankruptcy and corporate insolvency, and review of the Trustee Ordinance and related matters, and

housekeeping matters of Official Receiver's Office and Company Registry. There are a number of key initiatives currently underway which will require active follow-up in the next few years, notably the legislative exercise for implementation of the new Companies Ordinance, the corporate insolvency law improvement exercise, formulation of proposals to introduce a new corporate rescue procedure and to reform the regulatory regime for listed companies to enhance its independence from the audit profession, and an overall review of the abscondee regime under the Bankruptcy Ordinance (BO).

Major Duties and Responsibilities of the Existing Principal Assistant Secretaries (Financial Services) (“PAS(FS)s”)

PAS(FS)1 is responsible for policy and matters relating to investor protection in the securities and futures markets and the development of the asset management industry. In addition, she provides policy input on supervision of intermediaries and of market operation, and deals with housekeeping matters of the Securities and Futures Commission (SFC). She also coordinates the operation of the Securities and Futures Appeals Tribunal and the Market Misconduct Tribunal, provides secretariat support for the Process Review Panel for SFC, and coordinates financial regulators on risk management matters.

2. PAS(FS)2 is responsible for policy matters relating to listing and the Hong Kong Exchanges and Clearing Limited. She works on the proposed legislation on the regulation of over-the-counter derivative market to implement the G20’s commitment and the introduction of an uncertificated securities regime in Hong Kong. She also handles matters relating to the commodities market in Hong Kong.

3. PAS(FS)3 oversees policy and legislative matters over the Mandatory Provident Fund (MPF) Schemes and the Occupational Retirement Schemes. Her portfolio covers all MPF-related matters, including the housekeeping matters of the Mandatory Provident Fund Schemes Authority. She also handles housekeeping matters of the Census and Statistics Department.

4. PAS(FS)4 oversees policy and legislative matters over bankruptcy, corporate insolvency and accountancy matters. He is responsible for an exercise to improve Hong Kong’s corporate insolvency law, including engaging stakeholders on a proposal to introduce new statutory corporate rescue procedure. He is also responsible for an exercise to further enhance the independence of the auditor oversight regime for listed companies from the audit profession. He also deals with housekeeping matters of the Official Receiver’s Office and the Financial Reporting Council (FRC), and provides secretariat support for the Process Review Panel for FRC.

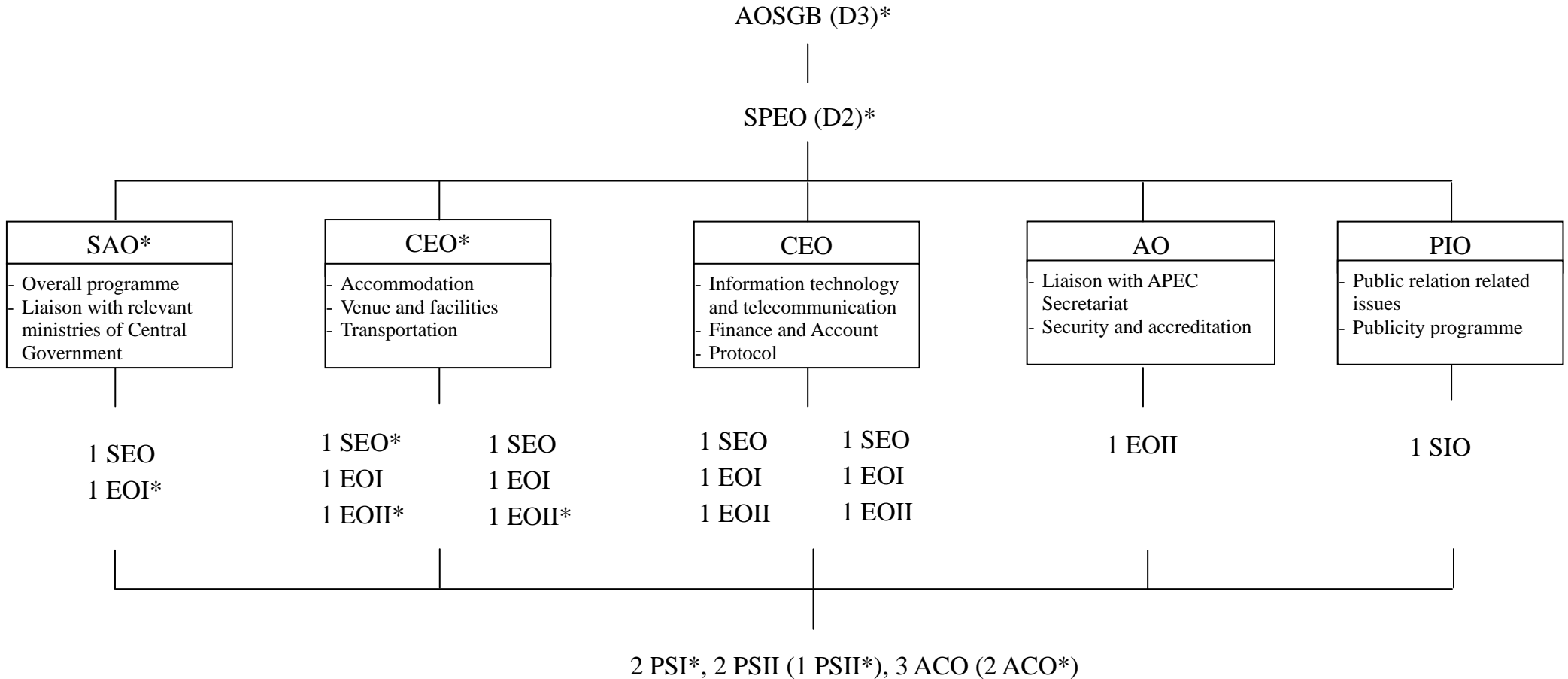
5. PAS(FS)5 is responsible for the review and maintenance of the Banking Ordinance including implementation of Basel III, and liaison with the Hong Kong Monetary Authority on banking and other related issues. He oversees policy matters and legislation concerning the Deposit Protection Scheme, electronic retail payments, anti-money laundering for financial institutions, as well as those relating to bond market development and Islamic finance. In addition, he coordinates policy input from financial services perspective in connection with Hong Kong's participation in G20, Financial Stability Board, International Monetary Fund, Asia-Pacific Economic Cooperation, Asian Development Bank, the Financial Action Task Force on Money Laundering, and the Asia-Pacific Group on Money Laundering.

6. PAS(FS)6 deals with policies and legislation relating to companies and trusts, in particular the work relating to the new Companies Ordinance as well as the review of the Trustee Ordinance. He is also responsible for the review of the abscondee regime under the BO and the housekeeping matters of the Companies Registry.

7. PAS(FS)MA coordinates the implementation of new measures by the Central People's Government (CPG) to support the economic and social development in Hong Kong, oversees the financial co-operation with the Mainland at the CPG and regional levels as a strategic goal under National 12th Five-Year Plan as well as the development of offshore RMB business in Hong Kong. She also oversees policy matters and legislation concerning the implementation of Hong Kong's commitment to meet international standards such as the development of an effective resolution regime for financial institutions in times of financial crises, and handles other relevant international affairs relating to financial services.

8. PAS(FS)SD oversees policy and legislative issues concerning the insurance sector. His portfolio covers all insurance-related policies, including the housekeeping matters of the Office of the Commissioner of Insurance. He oversees, among other things, the proposed establishment of an independent Insurance Authority (IIA) and a Policyholders' Protection Fund (PPF), engages the industry and stakeholders in developing detailed proposals, and formulates detailed legislative proposals for the establishment of the IIA and PPF.

**2014 APEC FMM
Proposed Organisation Chart of Event Coordination Team for 2014-15**

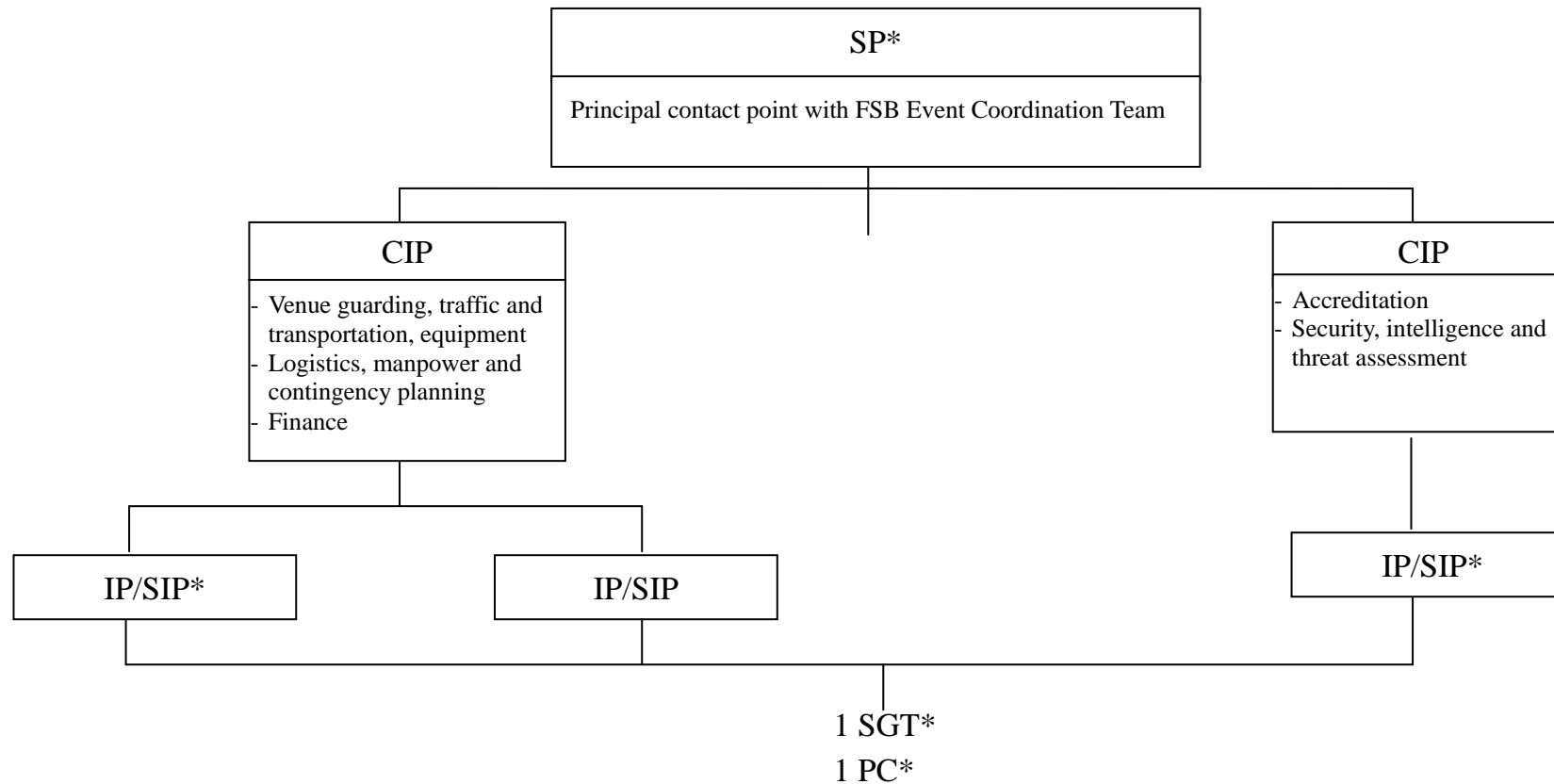


Legend

- | | | |
|--|-------------------------------------|----------------------------------|
| AOSGB - Administrative Officer Staff Grade B | PIO - Principal Information Officer | EOI - Executive Officer I |
| SPEO - Senior Principal Executive Officer | SEO - Senior Executive Officer | EOII - Executive Officer II |
| SAO - Senior Administrative Officer | AO - Administrative Officer | PSI - Personal Secretary I |
| CEO - Chief Executive Officer | SIO - Senior Information Officer | PSII - Personal Secretary II |
| | | ACO - Assistant Clerical Officer |

* represents supernumerary posts that have been created and redeployed in 2013-14 to commence work.

2014 APEC FMM
Proposed Organisation Chart of Police Planning Team for 2014-15



Legend

- SP - Superintendent of Police
- CIP - Chief Inspector of Police
- IP/SIP - Inspector / Senior Inspector of Police
- SGT - Sergeant
- PC - Police Constable

* represents supernumerary posts that have been created and redeployed in 2013-14 to commence work.

**An Indicative Breakdown of
Non-recurrent Financial Implications
of the APEC FMM 2014**

Main Expenditure Components (for 2014-15)	Estimates (HK\$'000)
1. Venue and facilities	8,000
- This will cover venue and convention facilities for the FMM, including conference rooms for Finance Ministers', Finance Deputies' and Senior Finance Officials' meetings; offices of the Chairman of the FMM and APEC Secretariat; press conference venue; work spaces for member economies and observing international organisations; meeting rooms for bilateral discussions; a venue for informal ministerial retreat; a press centre with workstations, agency booths and press briefing room; café areas; information desks; back-end facilities; and related fitting-out, conversion or alterations to the aforesaid venues and facilities.	
2. Information and communication technology	11,000
- This will include the IT network and communication infrastructure for the FMM, including audio sound system and recording service, video recording, Internet and Wi-Fi service, webcasting, LAN system, technical support, installation and rental of telecommunications services, simultaneous interpretation systems and service, etc.	
3. Office equipment, furniture, stationery, etc.	5,000
- This will include the rental and purchase of a large quantity of equipment, office and meeting furniture, and stationery, personal computers, heavy-duty photocopiers, high-speed printers, projectors and televisions, special equipment, etc.	

4.	Security arrangements	5,000
	- This will cover provision of security arrangements, including the accreditation of all participants of FMM, VIP protection, and related arrangements in access controls, designated hotels, meeting venues and places for special events, etc.	
5.	Transportation	5,000
	- This will cover chauffeur-driven limousines for finance ministers, heads of observing international organisations, and the APEC Secretariat senior staff; ground transportation to facilitate participants' attendance at all functions associated with the FMM, airport transfers; and local delivery of shipments, etc.	
6.	Hotel accommodation, hospitality, promotion, and preparatory visits	16,000
	- This will cover appropriate accommodation for finance ministers, heads of observing international organisations, and other important visiting officials; a welcoming reception and dinner; working luncheons; social programme for spouses; cultural performances and social programmes; promotional materials for attending ministers and delegates; and the cost of preparatory visits of the Event Coordination Team to relevant ministries of the Central Government and the APEC Secretariat.	
7.	Costs for temporary workers and staff	4,000
8	Contingency (15%)	9,450
	Total	<hr style="border: 0.5px solid black;"/> 63,450 <hr style="border: 0.5px solid black;"/>